

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280,3449
C39
copy 2
Volume 7

U. S. DEPT. OF AGRICULTURE
NATIONAL
MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
September 1962

Number 2

Released Pursuant to §1090.27 (j) and § 1090.85, USDA-ASCS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY SEPTEMBER 1962

The MINIMUM uniform producer price is \$4.02 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%. The minimum uniform producer price is \$4.38 per cwt. for milk containing 4.0% butterfat.

During September, 75.2% of the total producer milk was priced in Class I at \$4.37 per cwt. with a butterfat differential of 7.5 cents and 24.8% in Class II at \$3.06 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Class I milk increased 5.2% compared with August 1962 and decreased 1.7% compared with September 1961.

Daily average delivery of milk from producers was 508,195 pounds in September 1962, an increase of 13,452 pounds per day compared with August 1962 and an increase of 17,574 pounds compared with September 1961. Percentage-wise, September deliveries increased 2.7% and 3.6% compared with August 1962 and September 1961 respectively. The daily average farm delivery was 755 pounds compared with 717 pounds per farm for September 1961. This shows an increase of 38 pounds (4.4 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,786 - Handler Finished Products 214. During September an average of 8.6 samples per producer was used to determine butterfat content and pay test. Other samples were used to determine water, bacteria, anti-biotics, etc. by the plants and various agencies.

MILK BASE RULES

The following rules shall apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

The above rules are published in answer to recent inquiries that indicate producers are not fully aware of the Order provisions with regard to bases and the effect changes in name listings may have on bases. If there are any questions concerning a milk base, please contact the Market Administrator's Office.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Sept. '62</u>	<u>Aug. '62</u>	<u>Sept. '61</u>
Number of Plants (Pool and Non-Pool)	14	14	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	508,195	494,743	490,621
% September '62 compared with:	100.0	102.7	103.6
Other Source	11,516	15,487	5,774
Other Order	8,828	11,050	14,487
Total Milk Receipts	528,539	521,280	510,882
% September '62 compared with:	100.0	101.4	103.5
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	310,782	292,690	313,593
Fluid Skim	16,160	15,100	12,704
Buttermilk	37,053	38,010	38,935
Chocolate Milk	10,445	11,041	9,169
Fluid Creams (Sweet & Sour)	2,459	2,492	2,453
Bulk to Non-Handlers	7,345	2,425	15,234
Shrinkage Class I	1,848	6,292	2,015
Other	(54)	(994)	(1,311)
Total Class I Milk	386,038	367,056	392,792
% September '62 compared with:	100.0	105.2	98.3
Class II Uses:			
Butter	1,676	1,363	8,977
Cottage Cheese	16,200	18,446	15,331
Powdered and Condensed Milk	61,416	71,603	70,863
Ice Cream	35,027	47,603	21,426
Stockfeed	4,304	4,220	3,544
Shrinkage Class II	8,979	7,780	7,601
Other	14,899	3,209	(9,652)
Total Class II Milk	142,501	154,224	118,090
% September '62 compared with:	100.0	92.4	120.7
Gross Class I Butterfat Pounds	13,786	12,760	13,918
Gross Class II Butterfat Pounds	7,362	7,805	6,713
Total Butterfat Pounds	21,148	20,565	20,631
% Producer Milk of Gross Class I	131.6	134.8	124.9
% Producer Milk priced in Class I	75.2	73.3	79.1

OCTOBER 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Oct. '62</u>	<u>Sept. '62</u>	<u>Oct. '61</u>
Basic Formula	\$3.06	\$3.04	\$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.42)	(0.42)	(0.36)
Class I Price, 3.5% Butterfat	\$4.39	\$4.37	\$4.645
Class I Price, 4.0% Butterfat	\$4.77	\$4.745	\$5.04
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: August and September			
Supply: Lbs. Producer Milk (Aug. 15,337,018 and Sept. 15,245,855)			30,582,873
Demand: Lbs. Net Class I Milk (Aug. 11,269,770 and Sept. 11,459,578)			22,729,348
Utilization Percentage: Producer milk divided by Class I			135
Standard Utilization Percentage: Range 110-114			114
Net Deviation Percentage: Utilization minus Standard Utilization			plus 21
Supply-Demand Adjustment: 2 cents x 21 percentage points			minus \$0.42

Since the supply in relation to the demand is more than the desired standard, the price is decreased 42 cents per hundredweight (2 cents x 21 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICE FOR SEPTEMBER 1962
Based on 14 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,581,124	3.571		
Less Other Source		122,992	2.306		
Producer Milk Class I	75.2	11,458,132	3.584712	\$4.433534	\$508,000.18
Gross Class II		4,275,033	5.167		
Less Other Source		487,310	1.715		
Producer Milk Class II	24.8	3,787,723	5.610627	4.474120	169,467.27
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,245,855	4.088036		677,467.45
Add Fractional Adjustment					.03
Add Overage and Compensatory Payment					7.66
Add Inventory Reclassification Value					5.06
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,321.60
TOTAL VALUE AT TEST		15,245,855	4.088036		684,801.80
Less Test Over 3.5% @ 7.2¢ per point		15,245,855	.588036	0.423386	64,548.82
TOTAL VALUE AT 3.5%		15,245,855	3.5	4.068338	620,252.98
Less Producer-Settlement Fund Reserve		15,245,855		0.048338	7,369.54
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		15,245,855	3.5	\$4.02	\$612,883.44

SEPTEMBER 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.66	3.6	\$4.092	4.2	\$4.524	4.8	\$4.956	5.4	\$5.388
3.05	3.696	3.65	4.128	4.25	4.56	4.85	4.992	5.45	5.424
3.1	3.732	3.7	4.164	4.3	4.596	4.9	5.028	5.5	5.46
3.15	3.768	3.75	4.20	4.35	4.632	4.95	5.064	5.55	5.496
3.2	3.804	3.8	4.236	4.4	4.668	5.0	5.10	5.6	5.532
3.25	3.84	3.85	4.272	4.45	4.704	5.05	5.136	5.65	5.568
3.3	3.876	3.9	4.308	4.5	4.74	5.1	5.172	5.7	5.604
3.35	3.912	3.95	4.344	4.55	4.776	5.15	5.208	5.75	5.64
3.4	3.948	4.0	4.38	4.6	4.812	5.2	5.244	5.8	5.676
3.45	3.984	4.05	4.416	4.65	4.848	5.25	5.28	5.85	5.712
3.5	4.02	4.1	4.452	4.7	4.884	5.3	5.316	5.9	5.748
3.55	4.056	4.15	4.488	4.75	4.92	5.35	5.352	5.95	5.784

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
(January thru September)

1962	Producer Milk	135,952,317 lbs.	up 6.8% from 1961
1961	Producer Milk	127,250,575 lbs.	
1962	Class I	99,160,645 lbs.	up 5.0% from 1961
1961	Class I	94,414,587 lbs.	
1962	Class II	42,415,030 lbs.	up 3.7% from 1961
1961	Class II	40,888,330 lbs.	

(Million Pounds)

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '61	\$4.29	-	-	7.6¢	\$4.605	7.9¢	\$3.30	7.0¢
Oct.	4.23	-	-	7.6	4.645	7.9	3.30	7.0
Nov.	4.36	-	-	7.6	4.745	7.9	3.30	7.0
Dec.	4.28	-	-	7.6	4.705	7.9	3.30	7.0
Jan. '62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 ^{2/}	\$4.39	\$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 ^{2/}	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 ^{2/}	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 ^{2/}	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 ^{2/}	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	-	-	-	-	4.39	7.6	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg. Grade Milk ^{4/} \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi. 92° Butter ¢ Lb.	Chi. Area Powders ¢ Lb.	
Sept. '61	2.75	3.30	3.10	60.466	15.105	-
Oct.	2.79	3.30	3.15	60.466	15.125	-
Nov.	2.80	3.30	3.15	60.466	15.070	-
Dec.	2.80	3.30	3.15	60.466	15.275	-
Jan. '62	2.80	3.30	3.15	60.466	15.260	-
Feb.	2.77	3.30	3.12	60.466	15.200	-
Mar.	2.68	3.30	3.03	60.466	15.060	-
Apr.	2.665	3.125	3.00	57.957	14.125	-
May	2.665	3.085	3.00	57.966	13.530	-
June	2.665	3.045	3.00	57.940	13.330	-
July	2.655	3.045	2.99	57.960	13.370	3.03
Aug.	2.66	3.05	3.00	57.970	13.270	3.04
Sept.	2.66	3.06	3.00	58.280	13.400	3.06

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod. Milk Test%
	No.	Total	Class I	Class I	Total	Base	No.	Farm----			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Sept. '61	16	510,882	392,792	387,850	490,621	-	684	717	-	-	4.10
Oct.	16	496,799	360,250	355,345	484,032	-	685	707	-	-	4.33
Nov.	16	485,387	367,959	363,166	472,399	-	686	689	-	-	4.39
Dec.	16	494,573	352,155	348,076	476,780	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,484	359,962	473,584	-	685	691	-	-	4.40
Feb.	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,890	352,978	348,742	536,273	465,332	680	789	684	105	4.13
May	14	546,516	356,718	352,318	522,954	459,802	678	771	678	93	4.03
June	14	510,209	354,311	350,096	486,055	437,117	678	717	645	72	4.05
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05
Aug.	14	521,280	367,056	362,537	494,743	-	675	733	-	-	4.05
Sept.	14	528,539	386,038	381,938	508,195	-	673	755	-	-	4.09

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Effective with Order Amendment August 1962